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**REPORT TO  
THE CONGRESS OF THE UNITED STATES**

**NEED FOR EFFECTIVE GUIDANCE**

**OF**

**NAVAJO TRIBE OF INDIANS  
IN MANAGEMENT OF TRIBAL FUNDS**

**BUREAU OF INDIAN AFFAIRS  
DEPARTMENT OF THE INTERIOR**



**BY  
THE COMPTROLLER GENERAL  
OF THE UNITED STATES**

**JUNE 1966**



COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

B-114868

June 30, 1966

To the President of the Senate and the  
Speaker of the House of Representatives

The accompanying report concerns the need for effective guidance by the Bureau of Indian Affairs, Department of the Interior, of the Navajo Tribe of Indians in the management of tribal funds. Our finding, conclusions, and recommendations are summarized in this letter and presented in more detail in the report.

In our opinion, the Bureau, as trustee of the Indian estate, should provide effective and timely guidance to assist the Navajo Tribe in the financial management of certain tribal activities. Our review of selected tribal activities showed that in recent years a significant amount of tribal funds had been dissipated through (1) the unauthorized expenditure of funds for the expansion and continued operation of a heavy equipment pool which was operating at a deficit, (2) the unauthorized expenditure of funds for the establishment and liquidation of a commissary which was never opened for business, and (3) unsound purchasing practices.

We brought our findings to the attention of the Navajo Tribe and the Department of the Interior and proposed that the Secretary institute procedures which would provide for improvements in the management of trust funds advanced by the Bureau. The tribal council agreed that tribal funds had been dissipated and that there was a need for improvement in the control of the tribe's fiscal affairs.

In commenting on our proposals, the Commissioner of Indian Affairs indicated he did not believe that any corrective action was necessary and that the Bureau, in carrying out its responsibilities, had followed a policy of allowing tribal officials the highest degree of freedom in the management of tribal affairs in order that the officials may acquire the necessary management skills to assume full responsibility for tribal affairs. We recognize that the aim of this policy is in accordance with the intent of the Bureau's authorizing legislation. We believe, however, that it is incumbent upon the Bureau, in its role as trustee, to provide constructive and effective guidance to tribal officials until such time as it is demonstrated that sound financial management controls and practices, which provide for the prudent management of

tribal assets, have been established. We conclude that the Bureau has not provided the type of guidance needed in order that the Navajo people may receive the maximum benefits from their assets.

Accordingly, we are recommending that the Secretary of the Interior direct the Bureau, in cooperation with the government of the Navajo Tribe of Indians, to (1) review the programs for which tribal funds are currently being expended, to evaluate the appropriateness of such programs, (2) review and evaluate the adequacy of the financial controls and practices for the expenditure of the funds, and (3) formulate and implement a comprehensive plan, based on the results of these reviews, for the effective utilization of tribal assets. We are also recommending that the Secretary require the Bureau to provide its personnel with improved guidelines for carrying out the Government's responsibility for the guidance of tribal officials in the management of tribal funds and to make periodic reviews to evaluate the effectiveness of, and compliance with, such guidelines. We are further recommending that the Secretary consult with the Joint Committee on Navajo-Hopi Indian Administration on the actions he and the tribe propose to take to correct the deficiencies in the management of tribal funds.

We are issuing this report to the Congress because of the particular interest shown in these matters by several members of the Congress and because of the special fiduciary responsibility that the Congress has placed on the Secretary of the Interior and the Commissioner of Indian Affairs for carrying out the Government's guardianship obligations to Indian people relating to trust funds. We are advising the Congress of the actions which we believe should be taken so that the management of tribal assets will be improved.

Copies of this report are being sent to the Director, Bureau of the Budget, and to the Secretary of the Interior.

*James B. Rhoten*

Comptroller General  
of the United States

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